

# COUNTY OF YORK

## MEMORANDUM

**DATE:** April 22, 2001 (BOS Mtg. 5/1/01)

**TO:** York County Board of Supervisors

**FROM:** James O. McReynolds, County Administrator

**SUBJECT:** Request for County Funding to Support a Proposed Minor League Baseball Stadium

On April 12, 2001, I attended a meeting of County Administrators and City Managers conducted by Mr. Ed Maroney, Newport News City Manager, to hear a request for regional support of a baseball stadium. Newport News had hoped to pursue the prospect of returning minor league baseball to the Peninsula as a City undertaking. However, during the past several weeks, it has become apparent that it will require more of a commitment than the City can make and they are now asking for regional support. City Council is planning to address this issue on May 22, 2001 and Mr. Maroney has requested a reply by May 10. The attached letter dated April 13, 2001, from Mr. Maroney further explains the request.

As the letter indicates, the City has conducted a study to determine the feasibility of locating a minor league baseball team on the Peninsula. A professional baseball consultant and an architect have been engaged to provide a conceptual stadium design. In addition, the City has estimated the costs of constructing and operating a stadium and reviewed numerous financing models.

The proposed 105,000 square foot stadium is estimated to cost \$19.3 million, including debt issuance costs and interest during construction. The stadium would be located on 26 acres between Jefferson Avenue and the railroad tracks in the Oyster Point section of Newport News with seats for approximately 5,000 and additional capacity for 1,200 in berm seating. The stadium plans include 41 luxury suites, and the baseball consultant has non-binding reservations for 32. A local business has expressed strong interest in securing stadium-naming rights for \$200,000 per year for ten years.

Based on the revenue streams included above and others expected from items such as ticket sales, advertising, and a \$250,000 annual commitment from the City, there appears to be an annual funding gap of approximately \$175,000. Newport News proposes that this balance be shared among the other Peninsula jurisdictions on a per-capita basis. Under such an arrangement the County would be responsible for an annual contribution of approximately \$36,000. While the letter does not specifically state the duration of the requested contribution, based on conversation with City staff, the city would like a commitment for the 25-year life of the bonds, with the understanding that once the stadium reached a breakeven situation, currently projected for year 18 of operation, the contribution would be phased out.

The attached letter points out that a baseball stadium will not produce a direct economic return on investment and asks for support of the stadium to improve the quality of life in the community and, to some extent, an additional opportunity for visitors to the area. If the Board should choose to support the City's request for funding of the proposed baseball stadium, staff would recommend that the contribution be included in the allocations made from the County's Tourism Fund. Resolution R01-93, which, if adopted, will appropriate \$36,000 from the Tourism Fund for the purpose of supporting a

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proposed baseball stadium, has been prepared for the Board's consideration.

Please let me know if you have any questions.

McReynolds/3320

Attachments